



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 12, 1996

Elaine Dorward-King, Ph.D.
Director, Environmental Affairs
Kennecott Utah Copper Corporation
8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044-6001

Re: Secondary Tailings Pipeline Project, Kennecott Utah Copper Corporation, Copperton
Modernization Project, M/035/011, Salt Lake County, Utah

Dear Ms. Dorward-King:

Thank you for your latest response to our November 2, 1995, letter which requested more detailed information regarding Kennecott Utah Copper Corporation's (KUCC) post-mining plans for the proposed secondary tailings pipeline project. I apologize for the unintentional delay in not forwarding a more timely reply to your latest response.

Your latest explanation for not reclaiming the second tailings pipeline following mining operations presents rather general and conceptual reasons for allowing the additional pipeline to remain as part of KUCC's post-mining water management plan. No detailed technical explanation is provided which demonstrates that the existing pipeline capacities are not capable of handling the water volumes anticipated upon mine closure. No projections of anticipated flow volumes are given for comparison against the existing pipeline(s) transport capacities. Your letter also infers that additional pipelines may ultimately be required to manage the waters on KUCC's properties.

Long-term (albeit indefinite) post-mining land use and continued maintenance of mining-related facilities is not specifically contemplated under the Utah Mined Land Reclamation Act. Given this fact, and the lack of specific technical details justifying the long term post-mining need for the second tailings pipeline, the Division cannot accept your request. Consequently, we will require KUCC to develop a reclamation plan for the proposed pipeline and provide an appropriate revision to the existing reclamation surety estimate reflecting KUCC's projected reclamation costs for this structure. Should it become clearly evident upon mine closure that this structure will be necessary for KUCC's long term water management plan, and KUCC can demonstrate that it has sufficient resources to provide for the continued long term maintenance of this structure, then the Division may reconsider its position in this matter and release KUCC from further reclamation and bonding liability.

In summary, the Division will require that the second tailings pipeline be appropriately permitted and bonded for reclamation. As stated in our November 1995 response, the approved mine plan text will

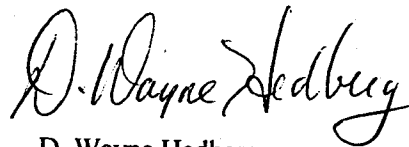


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need to be modified to include this new structure and its ultimate reclamation. The existing reclamation surety estimate will need to be revised and the surety adjusted accordingly.

Thank you for your patience and cooperation in this regard. Enclosed is a copy of our mine plan revision form for your reference in preparing your response. If you have questions regarding this letter, please contact me or Tony Gallegos of my staff at 538-5286 and 538-5267 respectively.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure
cc: Lowell Braxton, DOGM
Mary Ann Wright, DOGM
Minerals Staff (route)
M035011.pip